



City of Satellite Beach



BUDGET WORKSHOP WEDNESDAY
APRIL 22, 2026, 6:00 P.M.



Millage Approach



Salary Strategy



Capital Priorities



We would like to reach a consensus on all three items so we can continue developing the budget. More accurate projections for property tax revenues will be available at the end of May and will be presented at the June 3rd Regular Council Meeting.

Where We Are Today



Millage rate has gradually declined over recent years



Property values continue to increase



Result: individual tax bills may still rise despite lower millage



Save Our Homes creates uneven impacts:

Homesteaded properties capped at 3%

New buyers reset to market value



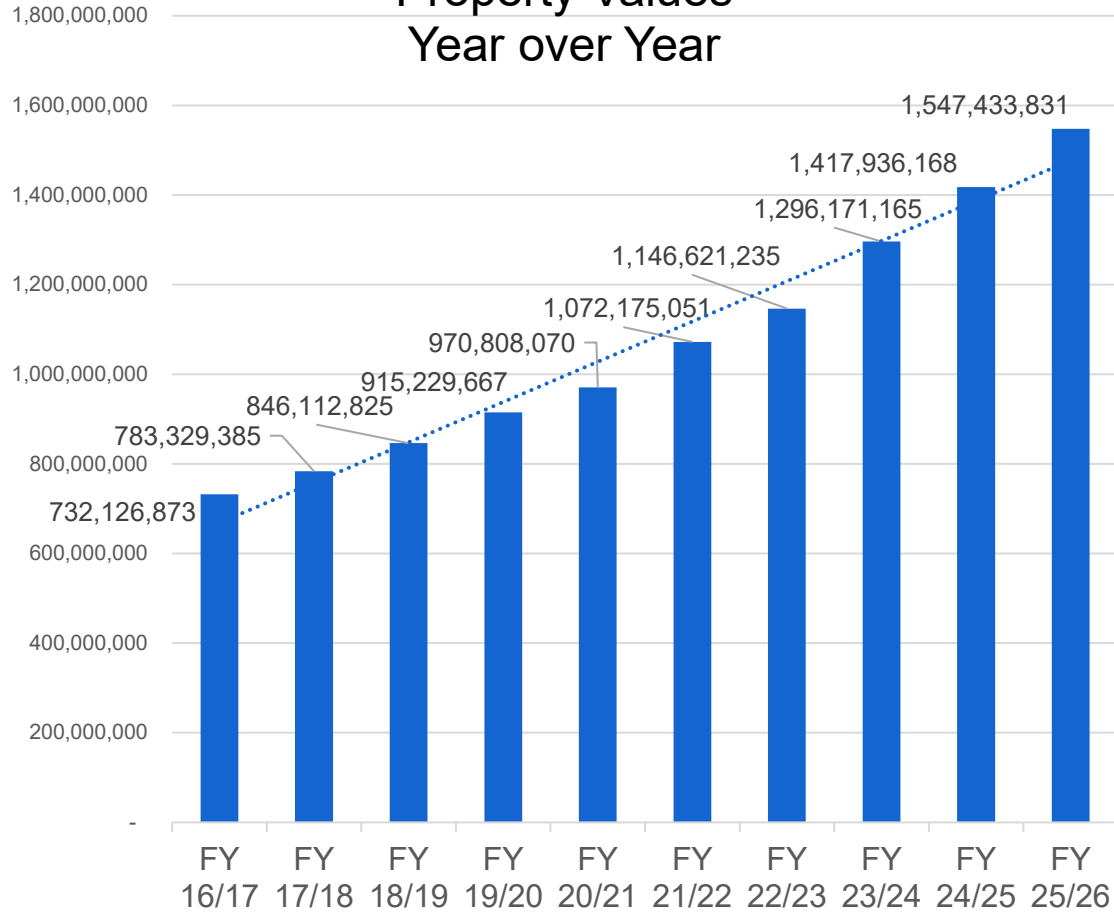
Tax burden is shifting due to valuation dynamics, not millage increases.

Historical Millage and Revenue Comparison

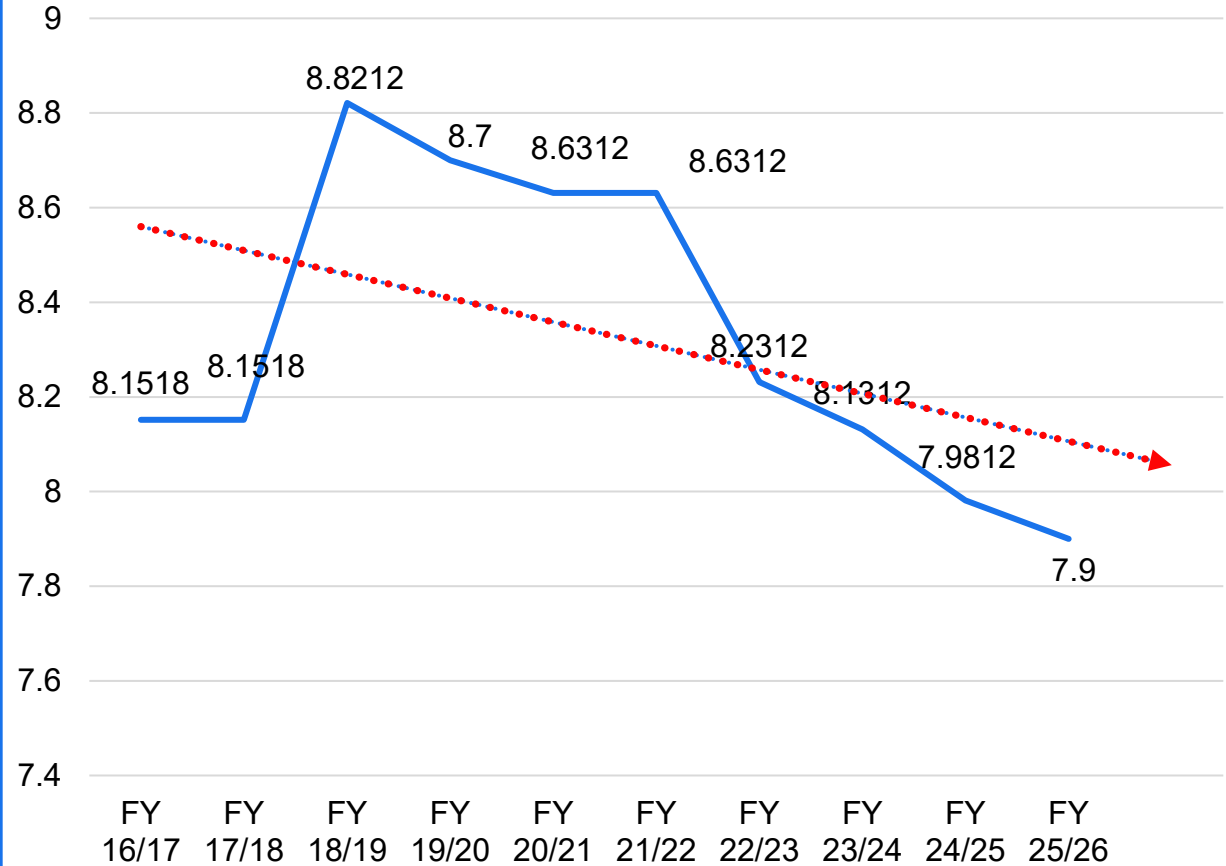
<i>Fiscal Year Ended September 30,</i>	Millage Rate	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes Collected	Amount Collected	Percentage of Levy
2025	7.9000	\$ 12,373,849	\$ 11,696,647	95%	\$ 226,373	\$ 11,923,019	96%
2024	7.9812	\$ 11,575,619	\$ 10,976,650	95%	\$ 201,257	\$ 11,177,907	97%
2023	8.1312	\$ 10,700,987	\$ 10,159,717	95%	\$ 160,364	\$ 10,320,081	96%
2022	8.2312	\$ 9,904,045	\$ 9,431,321	95%	\$ 121,697	\$ 9,553,018	96%
2021	8.6312	9,235,426	8,817,725	95%	132,900	8,950,625	97%
2020	8.6312	8,447,836	7,905,289	94%	254,889	8,160,178	97%
2019	8.7000	8,094,436	7,680,512	95%	121,278	7,801,789	96%
2018	8.8212	6,907,424	6,595,105	95%	85,682	6,680,787	97%
2017	8.1518	6,431,709	6,257,854	97%	-	6,257,854	97%

Property Values Year over Year & Millage Trends

Property Values Year over Year



Millage Trends





Property Value vs. Taxes Comparison

Burden Shift due to Save our Homes

- Market Value: \$597,970
- Assessed Value: \$214,210
 - Lived here since 1981
 - Homesteaded \$50,722
 - Taxes Paid 2025 \$3,260
- Market Value: \$570,160
- Assessed Value: \$481,620
 - Lived here since 2021
 - Homesteaded \$50,722
 - Taxes Paid 2025 \$7,910
- Market Value: \$427,160
- Assessed Value: \$427,160
 - Lived here since 2025
 - Homesteaded \$0
 - Taxes Paid 2025 \$7,689

State-Level Uncertainty



Legislature and Governor actively discussing property tax reform



Possible outcomes:

Special session

Additional homestead exemptions on ballot



~70% of our community is homesteaded



Future revenue structure is uncertain and could significantly change local budgets.



Zero-Based Budget Approach

Every department built budgets from zero.

Not “last year + increase”

- Then tested:
 - What does a 10% reduction look like?
 - Where would cuts come from?
 - If personnel cuts were made, discuss priority order.

Further reductions directly impact:

- Community events
- Youth/family programs
- Core services and training

We are already operating lean—cuts now affect visible services.

Millage Considerations vs. Operating Expenditures

FY 26/27 Possible Millage Rates	Total Revenue (Est. 4% Property Value Increase)	Additional Revenue from Previous Year	Department	FY 26-27 Proposed Operating	+/- FY 25-26 Difference
			7.9	12,989,175	494,433
7.85	12,906,965	412,223	City Clerk	7,000	(3,307)
			Support Services	129,618	23,918
7.8	12,824,755	330,013	Gen Government	1,785,174	286,374
			Police	188,348	(13,452)
			Fire	245,855	(8,345)
			Comm Dev.	139,442	104,242
7.8	12,824,755	330,013	Public Works	1,314,000	197,300
			Recreation	492,045	(2,855)
			Total	4,309,205	583,105

Operating Expenditure Detail

INCREASES:

- IT & Software Restructuring
 - Shift from lump sum to department-level tracking
 - +177k (Software Maintenance, Planned Hardware Refresh, Contract Services, and Professional Services)
- Facilities, Insurance, Utilities
 - Electricity: +\$25k
 - Insurance: +\$30k
- Public Works/Maintenance
 - +\$219k (fuel, maintenance, fleet)
- Code Enforcement
 - +\$104k (offset by revenues)

Most increases are structural, contractual, or inflation driven – not discretionary

REDUCTIONS:

- Internet
 - -\$31k
- Telephone
 - -\$16.8k
- Equipment Maintenance
 - -\$35k

Departments actively reduced costs where possible.

- ✓ Budget requests are below prior year actuals
- ✓ Reflects real operating costs
- ✓ Includes inflation + contractual increases
- ✓ Offset costs where possible.

The increase is not new spending – it's aligning the budget with **real, ongoing cost**.

Personnel Salary Study

- We gathered data from 20 communities and narrowed it down to 13 that provide similar services and fall within a population range of approximately +/- 3,000 of ours.
- Adjusted for Experience, Tenure & Structure
- Includes 3% Cost of Living
- 6% increase to each tier of health insurance
- Continue to budget vacancies conservatively.
- This study helped us align with the market and for retention – not expansion
- Reduced 9 FT and 2 PT

Personnel Salary Study

Budgeted	Full-Time	Perm. Part-Time	Temp. Part-Time	Total
FY 2021/2022	97	12	40	145
FY 2022/2023	105	13	35	149
FY 2023/2024	114	10	34	158
FY 2024/2025	116	10	34	160
FY 2025/2026	114	9	34	157
FY 2026/2027	105	7	34	146



Personnel Cost

- **Starting point**
- Original personnel budget: **\$14,200,000**
- **Scenario 1: Adjusted base (positions reduced + benefits only)**
- New base: **\$13,453,000**
- **Scenario 2: 3% increase on adjusted base**
- **\$13,852,000**
- **Scenario 3: Salary survey only**
- Total: **\$13,803,000**
- **Scenario 4: Salary survey + 3%**
- **\$14,134,000**

Capital Projects – Capital Asset Fund

- Seawall on Cinnamon Court - \$150,000
- Paving Sports Park Parking Lot - \$1,726,980
- Breezeway Coating/Resurfacing - \$32,000
- City Hall Duct Work - \$15,000
- PD Doors & Access Controls - \$155,000
- CDD Access Controls - \$30,000
- DRS Dance Floors - \$150,000
- DRS Front Sidewalk Coating - \$50,000
- Civic Center Lobby & Restroom Duct Work - \$10,000
- Walking Trail lighting around Sports Park - \$400,000 (FRDAP)
- Security Improvements Frank P. Catino Park - \$50,000
- Frank P. Catino Park Playground - \$10,000
- Olson Field - \$300,000 (FRDAP)
 - Playground
 - Shade Structure
 - Parking
 - Lighting

\$6 Million Capital Improvement Loan Series 2023



Total Loan: \$6,000,000



Interest Rate: 4.17% fixed (tax-exempt)



Fully funded upfront



Structure:

3 years interest only
10-year amortization

Status of Loan



Built the Fire Station



Using part of the \$1.59 million for road resurfacing



Received \$3.2 million in grant reimbursement, put back in interest bearing investment fund



Earned \$414,882 in interest as of 9-30-2025



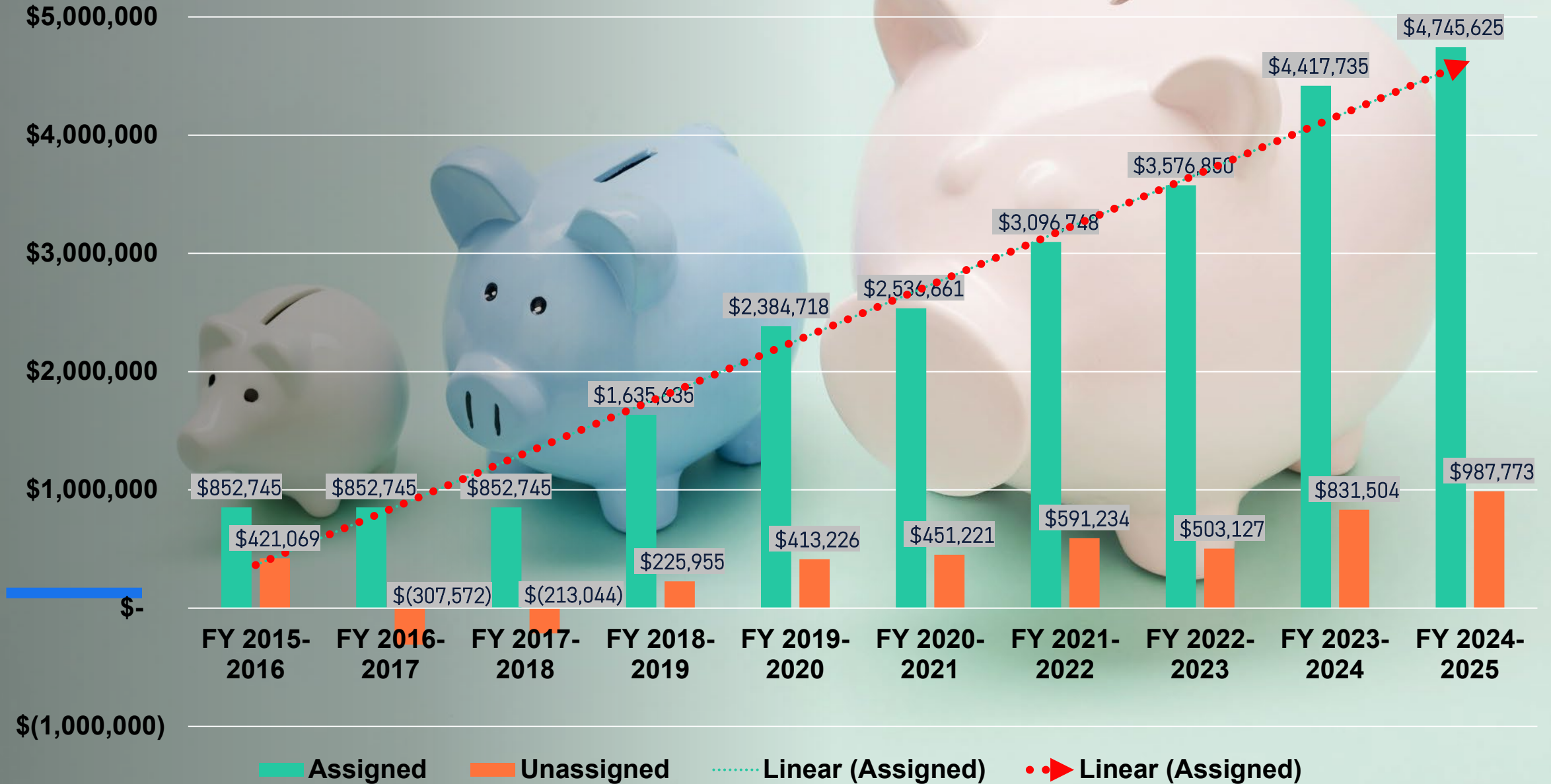
IRS Arbitrage

Limits how much we can earn on borrowed funds

We stay compliant by spending funds within allowed timelines (5 years)

We complete the arbitrage calculation each year to ensure compliance

General Fund Reserves (Fund Balance)



Summary Tentative Proposed FY 26/27 Budget

	FY 25/26 Approved	FY 26/27 Tentative	Difference
Tentative GF Revenue Estimate			
Millage 7.9 and 4% value increase	\$ 12,494,742	\$ 12,989,175	\$ 494,433
All other revenues	\$ 6,119,445	\$ 5,973,584	\$ (145,861)
	FY 25/26 Approved	FY 26/27 Tentative	Difference
Salaries & Benefits	\$ 14,199,435	\$ 14,134,000	\$ (65,435)
<i>Primary Differences:</i>			
Reduced 9 FT/2 PT			\$ (747,000)
Salary study alignment increase			\$ 350,000
3% COLA			\$ 400,000
	FY 25/26 Approved	FY 26/27 Tentative	Difference
Operating	\$ 3,726,100	\$ 4,309,205	\$ 583,105
<i>Primary Differences:</i>			
Reduced operating from Zero-based/other initiatives			\$ (211,979)
Increases for PW fuel, maintenance, fleet, etc			\$ 219,612
Increases for IT cybersecurity priorities			\$ 176,616
	FY 25/26 Approved	FY 26/27 Tentative	Difference
Capital	\$ 169,835	\$ 4,099,242	\$ 3,929,407
	FY 25/26 Approved	FY 26/27 Tentative	Difference
Tentative Expenditures Estimate			
Personnel	\$ 14,199,435	\$ 14,134,000	\$ (65,435)
Operating	\$ 3,726,100	\$ 4,309,205	\$ 583,105
Capital	\$ 169,835	\$ 4,099,242	\$ 3,929,407

General Fund Snapshot (Tentative)

- **Based on conservative assumptions:**

- 4% property value increase
- *(Actual growth may be higher; will update as values are finalized)*

- **Revenue Increase: + ~\$348K**

- **Cost Increases (Recurring):**

- Operating: + ~\$583k

- **Result:**

→ **Structural gap between recurring revenues and expenditures and lack of funding for capital.**



Key Takeaways & Approach



What's driving costs:

Salary study & COLA (retain/attract staff)
Health insurance increases
Public Works & IT/cybersecurity needs



Capital investments:

Funded primarily through **other sources**



Millage rate:

No increase recommended at this time
Focus on **monitoring and planning**



Looking ahead:

Future development will add to tax roll
Revenue growth expected, but **not yet realized**



Bottom Line

Conservative budgeting shows **revenues lagging behind service needs**
Maintain discipline now while planning for **future growth**

Our Next Steps: Seeking Consensus



Millage Approach = What rate shall we use to build the FY 26/27 Proposed Budget?



Salary Strategy = Shall we implement the personnel study results and provide a 3% COLA?



Capital Priorities = What funding level is desired or are there specific projects of interest?



More accurate projections for property tax revenues will be available at the end of May and will be presented at the June 3rd Regular Council Meeting.

Thank you for your time!

Any questions?

